



**DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION AND THE
MISSOURI STATE BOARD OF NURSING**

**From The Office Of State Auditor
Claire McCaskill**

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AUDIT REPORT

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION AND THE
MISSOURI STATE BOARD OF NURSING

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Joseph L. Driskill, Director
Department of Economic Development
and
Marilyn Williams, Director
Division of Professional Registration
and
Members of the Missouri State Board of Nursing
Jefferson City, MO 65102

We have audited the Department of Economic Development, Division of Professional Registration (DPR) and the Missouri State Board of Nursing (Board). The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2000 and 1999. The objectives of this audit were to:

1. Perform procedures we deemed necessary to evaluate the Board's concerns.
2. Review compliance with certain constitutional provisions, statutes, and attorney general's opinions, as we deemed necessary or appropriate in the circumstances.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we examined DPR and Board financial and management records, made inquiries of DPR and Board employees, and examined other papers and documents as determined appropriate for the audit.

As part of our audit, we assessed the DPR's and the Board's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Statistical Section is presented for informational purposes. This information was obtained from the DPR's and Board's management and was not subjected to the procedures applied in the audit of the DPR and the Board.

The accompanying Management Advisory Report Section presents our findings arising from our audit of the DPR and the Board.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 30, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT SECTION

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION AND THE
MISSOURI STATE BOARD OF NURSING
SUMMARY OF FINDINGS

1. Financial Condition of the Missouri State Board of Nursing (pages 7-9)

Inadequate financial information, planning, and monitoring by the Missouri State Board of Nursing and the Division of Professional Registration (DPR) significantly impacted the financial condition of the board. It was necessary for the board to obtain a loan of approximately \$1.9 million from the Office of Administration to continue operations.

2. Licensing and Optical Imaging Systems (pages 9-11)

The boards were not informed timely or accurately of the costs of licensing and optical imaging systems. As a result, the boards did not have adequate time to prepare for the costs that were allocated to them. The DPR stopped the installation of the optical imaging system after the DPR had already incurred costs of approximately \$197,000 for computer equipment and system design. This equipment remains idle and may become obsolete.

3. Department of Economic Development's Cost Allocation Plan (pages 11-12)

As of March 31, 2001, the department had not yet completed a cost allocation plan for fiscal year 2001. In the absence of a cost allocation plan, costs billed are based on estimates using the fiscal year 2000 plan and an adjustment to reflect fiscal year 2001 costs. Since the Board of Nursing is already in a deficit situation, these estimates add to the difficulty in managing fiscal matters.

4. Division of Professional Registration's Cost Allocation Plan (pages 12-15)

The DPR allocated costs to the various boards of approximately \$3.4 million during the year ended June 30, 2000. The three-year licensee average does not appear to be an equitable method to allocate indirect costs to the boards. The DPR does not allocate indirect costs to new boards until the new boards issue licenses. The DPR and board personnel duplicate some work. The DPR's Management Information System employees' time charges do not reflect the actual time worked for each board. Time spent by the Central Investigation Unit (CIU) employees on the Office of Athletics was not included in the cost allocation calculation. This resulted in personal service overhead costs not being allocated to the Office of Athletics.

5. Vehicle Usage (pages 16-17)

Fleet vehicles were used approximately 31 percent of the time the vehicles were available for use. The cost to maintain and replace the DPR director's vehicle was only allocated to twenty-seven of the division's thirty-two boards.

6. Investigations (pages 17-18)

The investigators do not prepare a plan or estimate of the time required to complete investigations. The board does not obtain information regarding the status of investigations to use in monitoring those investigations. The number of board employees who perform investigations is not sufficient to complete investigations timely.

7. Multiple Databases (page 19)

The board maintains three databases that require some of the same information be entered into all three.

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION AND THE
MISSOURI STATE BOARD OF NURSING
MANAGEMENT ADVISORY REPORT-
STATE AUDITOR'S FINDINGS

1. Financial Condition of the Missouri State Board of Nursing Fund

Because of weak financial planning and monitoring, and inadequate or incomplete information over a period of years, in August 2000 the Missouri State Board of Nursing (board) Fund was depleted. Both the Division of Professional Registration (DPR) and the board failed to recognize in a timely manner the declining financial condition of the board's funds and take appropriate measures to stabilize the fund. Emergency measures were necessary to stabilize the fund and to maintain board operations. These emergency measures affected both the state and the members of the nursing profession.

On August 21, 2000, the DPR notified the board that the board's fund had been depleted. As a result, the board did not have sufficient cash to pay expenses from August 2000 through March 2001. During this period the board incurred a deficit estimated to be approximately \$1.9 million. This estimate was based on personal service of \$460,000; expense and equipment \$609,000; DPR costs of \$388,000, Department of Economic Development (DED) costs of \$99,000, fringe benefits costs of \$144,000, and other costs of \$200,000. On September 18, 2000, the board received approval for a \$1.9 million loan from funds of the Office of Administration designated for cash flow assistance to various state funds. From September 2000 through March 2001, the amounts borrowed by the board ranged from \$171,000 to \$880,000. The board's use of these loan funds resulted in interest charges of more than \$12,500.

The board has a biennial license renewal cycle, with the largest number of renewals in odd-numbered years for registered nurses (RNs). License renewal fees have remained the same since 1993 and other fees since 1983. In addition, the number of licensed nurses has been decreasing. The following table shows the fluctuations in revenues and other financial information of the nursing board fund:

		Year Ended June 30,				
		1996	1997	1998	1999	2000
Beginning balance	\$	1,215,488	1,025,669	2,337,799	1,296,919	1,558,440
Revenues		1,737,467	3,097,465	1,041,452	2,686,608	1,025,185
Expense and equipment		(1,082,410)	(1,133,520)	(1,191,633)	(1,282,871)	(1,304,413)
Transfers		(844,876)	(652,315)	(890,699)	(1,142,216)	(1,063,481)
Ending balance	\$	1,025,669	2,337,799	1,296,919	1,558,440	215,731

During fiscal year 2000, the executive director and account clerk knew the fund balance was getting low, but were hoping to make it to January 2001 when the board would begin receiving RN renewals. In December 1999, the executive director began working on a request to increase fees. The board submitted a proposal to the DED on March 30, 2000, to increase all board fees. In May 2000, the DED asked the board to review and resubmit that proposal to include only an increase in renewal fees. In addition, the DED requested the board obtain approval from the nursing associations for these fee increases. On May 9, 2000, the board submitted the revised proposal to the DED. The DED approved the revised proposal to be effective with the 2001 renewal licenses. On June 1, 2000, this rule was filed with the Joint Committee on Administrative Rules and the Secretary of State and was scheduled to become effective on November 30, 2000. These actions were too late to avoid the depletion of the nursing board fund.

Although an increase in renewal fees had been approved, the board did not initiate enforcement of the rule for 2001 license renewals because the financial information used by the board to support the proposed fee increase was determined to be inaccurate and incomplete. The cost information provided by the DPR for costs to be allocated to the board was based on the fiscal year 1999 actual expenditures and excluded several significant cost increases planned for fiscal years 2000 and later. In addition, the board did not consider fluctuations in fund cash flow. Nursing board fund cash flow needed to be considered because of differences in the timing of revenue collections and the payment of board and DPR costs. The effect of these matters caused the board to reconsider their fee increases because additional revenue was needed to cover these additional costs.

On October 13, 2000, the board proposed an increase in most board fees and an emergency amendment to the proposed increase so the license renewal fees could be effective in January 2001. On January 1, 2001, the emergency amendment became effective and expired on June 29, 2001. On June 30, 2001, the proposed rule became effective and replaced the emergency rule and included all other fee increases.

In addition to the fee increases, other financial procedures have been changed to better inform the board. The DPR now discusses expenditures of \$1,000 or more at the executive director's meetings.

The board and the DPR share responsibilities for the fiscal management and control of the board's fund. Weaknesses in the board's financial planning and monitoring prevented the board from initiating fee increases in a timely manner that would have averted the depletion of the board's fund. Furthermore, financial monitoring and information provided by the DPR was also deficient which affected the board's ability to monitor fund operations. To ensure the board fund maintains a sufficient balance to pay board expenditures, the DPR and board need to more closely monitor revenues, expenditures, and fund balances. In addition, revenue and expenditure projections should be accurate and prompt. When adjustments in fees are required, the board should propose those adjustments in a timely manner.

WE RECOMMEND the DPR and board closely monitor the revenues, expenditures, and fund balance of the board's fund; and ensure projections are accurate and timely. When necessary, fee increases or decreases should be proposed and implemented in a timely manner.

AUDITEE'S RESPONSE

Division Response:

We concur with this recommendation.

The Division of Professional Registration has implemented several measures to ensure that each board's financial condition is closely monitored by enhancing existing reports and developing new ones.

The Division, through a cooperative effort with the boards, has enhanced the 5-year projection report. This report is used as a tool to accurately and in an appropriate time frame reflect projected costs and revenues, and is also used to assist boards in determining any necessary fee increases or decreases.

Board Response:

The Missouri State Board of Nursing has appointed a Finance Committee consisting of board members, board staff, and the Division's Chief Accountant. This committee meets quarterly to evaluate the board's financial condition.

2. Licensing and Optical Imaging Systems

Since 1997, the DPR has been pursuing the acquisition and implementation of an automated licensing system and an interactive optical imaging system, both of which would be used by all of its boards. A team made up of staff from each board worked on these acquisitions. The costs of these new systems would be allocated to the various boards. In March 1998, the DPR accepted an offer of \$778,722 for the licensing system and \$708,960 for the optical imaging system. The licensing system was first used in September 1999. The actual cost of the licensing system was \$661,379. The optical imaging system has not yet been installed. Our review of these systems noted the following:

- A. The DPR boards were not informed timely or accurately of the costs of these systems. During the planning stages for these systems, the former DPR chief accountant told the boards that the licensing system would cost between \$300,000 and \$400,000, for an "off the shelf" system. The boards thought these costs would be made up from the savings from needing fewer division employees and no longer needing the work of the DED's information system employees.

The plans and costs of the new systems changed, but the boards were not promptly informed of cost changes. First, the planned costs of the licensing system doubled. Secondly, the optical imaging system was added to the project. Third, it was determined the anticipated savings from the new licensing system (if any) would not be realized for at least three years because of the cost allocation practices used by the department. The DPR did not officially notify the boards of these significant cost issues until November 1998, more than eight months after the DPR had agreed to purchase the new systems. The actual costs of the new licensing system were charged to the various boards' funds as follows:

<u>Fiscal Year</u>	<u>Amount</u>
1998	\$ 1,729
1999	619,848
2000	6,734
2001	33,068

These costs placed financial hardships on some boards' funds. Had more timely and accurate costs information been provided to the boards, measures could have been taken (such as fee increases) that could have alleviated some of these hardships. To ensure the various boards have adequate time to prepare for costs that will be allocated to the boards, the DPR needs to adequately communicate costs of large purchases to the boards on a timely and accurate basis.

- B. During the optical imaging system implementation, the Office of Administration determined certain conditions regarding a subcontractor were unacceptable. In August 2000, the contract for the optical imaging system was cancelled prior to its completion. At the time of this cancellation, the DPR had already incurred computer equipment and system design costs of approximately \$197,000. We were informed the DPR plans to complete the optical imaging system through the use of existing staff and the acquisition of a new software provider. The DPR has not established a timetable for the completion of the optical imaging system.

While the DPR is contemplating the completion of the optical imaging system, the equipment that has been purchased remains idle. If the DPR delays the completion too long, some of this equipment could become obsolete. To ensure the state realizes a return on its investment in this equipment, the DPR should pursue the prompt completion of the optical imaging system.

WE RECOMMEND the DPR:

- A. Inform the boards timely and accurately of large expenditures that will be allocated to the boards.

- B. Establish a timetable to promptly complete the optical imaging project. If the project must be rebid, any new contract should include a timetable for completion and the new vendor should be given the option to bid both using the equipment already purchased and designing a system using other equipment.

AUDITEE'S RESPONSE

Division Response:

- A. *We concur and have implemented improvements in this area.*
- B. *We concur with this recommendation. The Division of Professional Registration has established a timetable for the optical imaging project and that timetable has been shared with all the managers at the division. The division has started working with a potential vendor that is on the current State of Missouri optical imaging contract administered by the Office of Administration. The potential vendor has reviewed the current equipment and has discussed the fact the current equipment can still be used. The division and the vendor have also reviewed the possibility of trading in the existing equipment on newer equipment, but that is not a requirement of the current project. The vendor has also been given the option to propose the optical imaging system using other equipment and software.*

3. Department of Economic Development's Cost Allocation Plan

The DED allocated nearly \$550,000 of departmental costs to the DPR during the year ended June 30, 2000. These costs are expected to be approximately \$525,000 for fiscal year 2001. These costs included personal service and expense and equipment for administrative services, management information services, quality economic development, and mailroom.

As of March 31, 2001, the DED had not yet completed a cost allocation plan for fiscal year 2001. The DED billed fiscal year 2001 costs to the DPR based on the fiscal year 2000 cost allocation plan. The DPR continues to distribute to the boards the DED costs in the same manner as was done in fiscal year 2000 and plans to make an adjustment when the DED distributes the actual costs. However, the DPR cannot adequately plan for these costs until the actual costs are known. Since the nursing board is already in a deficit situation as noted earlier in this report, these estimated allocations add to the boards' difficulty in planning and managing budget and fiscal matters.

WE RECOMMEND the DED complete on a timely basis its cost allocation plan to allow the DPR and its boards to adequately plan for the allocation of these costs.

AUDITEE'S RESPONSE

Department Response:

DED concurs with the recommendation that the cost allocation plan should be completed earlier in the fiscal year. All efforts will be made to complete the cost allocation plan earlier and forward information to all parties impacted.

4. Division of Professional Registration's Cost Allocation Plan

The DPR allocates various costs to the boards in accordance with their cost allocation plan (plan) that has been in effect for at least ten years. The DPR allocated costs to the boards of approximately \$3.4 million during the year ended June 30, 2000. The DPR made adjustments in several areas of the plan for fiscal year 2001. In addition, the DPR is in the process of preparing a new plan which, if approved by the board presidents and DED, would become effective July 1, 2002. During our review of these plans we noted the following concerns:

- A. The three-year licensee average does not appear to be an equitable method to allocate costs to the boards. This method uses the number of licenses issued, which is not always reflective of the amount of work the DPR performs for each board. Costs allocated to twenty-seven of the boards using the three-year licensee average include the following:
 - 1. Salary and fringe benefits of DPR employees who do not use allocated time sheets.
 - 2. Personal service overhead charges (e.g., annual leave, holiday, sick leave).
 - 3. Expense and equipment for DPR employees use and other expense and equipment for use by all boards.

The DPR should charge each board directly for the services each board uses. The current method requires five boards to pay approximately 80 percent of the allocated costs. No evidence was found that the work of these employees benefited the boards in the same relationship as the costs allocated to them. To ensure costs are allocated equitably, the DPR should allocate costs in relation to the work being done for the boards.

- B. The DPR does not allocate indirect costs to the new boards until they issue licenses, although the DPR employees provide services to those boards prior to this time. For example, personal service and expense and equipment costs are allocated to only twenty-seven of the thirty-two boards. The DPR should allocate all costs to all boards based on the services provided to the boards.

- C. Duplicate procedures are performed by DPR and Missouri State Board of Nursing (board) accounting employees. For example, when paying board expenses both DPR and board employees review the math on invoices, both review the documentation for expense account reimbursements, and both verify out-of-state travel authorizations.

The DPR director is responsible for assuring expenditures are in accordance with Section 620.010, RSMo 2000. The board wants to ensure expenditures are accurate and in compliance with its policies. Although the DPR and the board are reviewing expenditures for different reasons, it appears that duplicate procedures should be minimized.

- D. The DPR's Management Information System (MIS) employees' time charges do not appear to reflect the actual time worked directly for each board. For the thirty-one months ended January 31, 2001, help desk calls from specific boards and the DPR were approximately 79 percent and 21 percent, respectively. However, the MIS help desk employees' time sheets for August through December 2000 indicated time charged to specific boards ranged from 13 percent to 38 percent.

To ensure the allocation of these costs is fair, the DPR should allocate these costs based on the direct hours of service since the hours of service for each board can vary significantly from month to month.

- E. The DPR and its boards do not review the department's MIS time charges report included in the department's monthly cost allocation billing. This report lists MIS direct time charges for the division and the boards. The department uses these direct time charges in calculating a three-year average, which is then used to allocate MIS costs. To ensure time charges are allocated accurately, the DPR and boards should review these charges.

- F. The DPR Central Investigation Unit (CIU) conducts investigations for all boards upon request. Generally, CIU costs are allocated to the boards for which investigations are completed.

1. The DPR did not include time spent by employees in the CIU on the Office of Athletics in the cost allocation calculation; therefore, personal service overhead costs (e.g., annual leave, holidays, sick leave) were not allocated to the Office of Athletics but instead were paid by all of the boards.
2. One investigator allocated time spent reading E-mail correspondence related to specific investigations to administration. As a result, the DPR allocated this administration time to twenty-seven boards based on the three-year licensee average rather than to the board for which the investigation was completed.

To ensure the various boards are paying only for its board's costs, the DPR needs to revise its allocation method to charge costs to the various boards as equitably as possible.

WE RECOMMEND the DPR:

- A. Allocate all costs in relation to the work being done for the boards.
- B. Allocate costs to the new boards and set a period of time during which these boards may pay these costs after license fees are collected.
- C. Review the payment procedures with the board and eliminate duplication where possible.
- D. Allocate MIS employee costs based on direct service hours.
- E. Along with its boards, review the department's monthly MIS time charges report for accuracy.
- F.1. Include the Office of Athletics in the CIU cost allocation calculation. In addition, make adjustments to prior allocations and reimburse the applicable boards for overcharges.
- 2. Ensure investigators' time is recorded properly and allocated in accordance with the cost allocation plan.

AUDITEE'S RESPONSE

Division Response:

- A. *In FY 2000, division staff reviewed the division's cost allocation plan which does include some usage-based allocations. Upon completion of the review, the Division Director created a Cost Allocation Team on July 10, 2000 to assist in evaluating the plan. The team consisted of division staff as well as Executive Directors from all boards that wished to participate. A complete review was conducted and the team has made several revisions that will allocate more individual staff time to boards based on usage. Also, the Cost Allocation Team will continue to review the plan on an on-going basis.*
- B. *We concur with this recommendation. The Division of Professional Registration is in the process of implementing a new cost allocation plan with a projected effective date of July 1, 2002. This plan establishes a minimum allocation for new boards until they have completed initial licensure. Once initial licensure is completed, the licensee count will be used to allocate division-wide costs. When determining an appropriate fee, projections are completed to estimate all costs including those that have been incurred prior to receiving revenue. This will ensure the appropriate fee is established to cover all costs.*

- C. *According to 620.010.14 (4) RSM0., it is the responsibility of the Division Director to provide a system of accounting and budgeting, in cooperation with the director of the department, the Office of Administration, and the State Auditor's Office, to ensure proper charges are made to the various boards for services rendered to them. The Division will review the payment procedures with the board and eliminate duplication where possible if it is determined that it will not alter the statutory responsibilities of the Division Director.*
- D. *Although it may appear allocation by direct service hours (help desk ticket hours) would be a more effective allocation method, the Division of Professional Registration concludes there are many factors that prove this method is currently not suitable for time allocation and would not be as accurate as the existing usage-based method currently being utilized.*

The MIS help desk system is a call and/or a trouble ticket tracking system and not a time tracking system. This system does not reflect the actual hours worked on a project but the hours a ticket is left open. A ticket could be left open for several months for various reasons, however, staff would not necessarily be working continuously on that particular ticket. In most cases, when the ticket is completed the current date and time is entered reflecting the hours the ticket is open in the system and not the actual hours worked by staff on that ticket.

Although staff are encouraged by the division to use the help desk system, there are instances when they will contact division MIS staff directly without going through the help desk system. The division MIS staff will reflect the time spent in this particular situation on their timesheets, thus causing a difference between the time allocated on the help desk ticket and the time allocated on the division's MIS employees' timesheets.

While efforts are being made to make the MIS help desk system more accurate with regard to time tracking, it is still not a proper measure of time spent working for specific boards. The current configuration of the MIS help desk is not intended to be a time tracking system, but rather a call or trouble ticket tracking system. DED MIS also must use a separate time system to track time that is allocated to divisions within the department.

- E. *We concur with this recommendation and have implemented a review process.*
- F.1. *We concur with this recommendation. The Division of Professional Registration is in the process of implementing a new cost allocation plan with a projected effective date of July 1, 2002. This plan will allocate personal service overhead costs for CIU to the Office of Athletics. In addition, an adjustment will be made to the FY 2001 allocation of personal service overhead to include the Office of Athletics.*
- F.2. *We concur and have provided additional instruction to the investigators in this area.*

AUDITOR'S COMMENT

- D. *The only suitable, accurate, and fair method to allocate DPR MIS costs is to charge the boards based on direct service hours by the MIS.*

5.**Vehicle Usage**

We noted the following concerns regarding the use of DPR vehicles.

- A. The DPR maintained a fleet of eight vehicles for the use of all thirty-two boards during the year ended June 30, 2000. The cost to maintain these vehicles is charged to twenty-seven boards. The maintenance charge is based on the three-year licensee average. Fuel is charged to the board using the vehicle or, when the Central Investigation Unit (CIU) is using the vehicle, to the board for which the CIU is investigating a case.

The DPR fleet of vehicles does not appear necessary. Fleet vehicles were used approximately 31 percent of the time the vehicles were available for use. The DPR Administration, CIU, and Office of Athletics used the fleet vehicles approximately 69.4 percent of the time that the vehicles were in use. Out of the thirty-two boards, twenty-one boards (65 percent) used a fleet vehicle at least once during the year ended June 30, 2000. The Fiscal Year 2001 Administration budget included four replacement vehicles for the fleet. The DPR staff stated that because the fleet vehicles are not very reliable, staff choose to use their own vehicles when the most reliable fleet vehicle is not available.

It appears that the DPR could reduce or eliminate the fleet of vehicles. If any vehicles are retained, the CIU and Office of Athletics could share one vehicle and Administration could maintain one vehicle. The CIU and Office of Athletics vehicle's costs should be charged to the boards for which the CIU is investigating cases and to the Office of Athletics when it uses the vehicle. The Administration vehicle's costs should be charged to all thirty-two DPR boards.

- B. The cost to maintain and replace the DPR director's vehicle was allocated to twenty-seven of the thirty-two boards based on the three-year licensee average. The DPR director works for all of the boards. To ensure the reasonableness of this cost allocation, the DPR should allocate these costs to all thirty-two boards.

The DPR needs to reevaluate its fleet usage to ensure the boards are charged only for the necessary costs in an equitable manner.

WE RECOMMEND the DPR:

- A. Eliminate the fleet of vehicles or maintain only one vehicle for Administration and one vehicle to be shared by CIU and the Office of Athletics. In addition, the DPR should allocate the costs of the Administration vehicle to all thirty-two boards and the costs to operate and maintain the CIU and Office of Athletics vehicle to the boards using CIU services and to the Office of Athletics.

- B. Allocate the cost to maintain and replace the DPR director's vehicle to all thirty-two boards.

AUDITEE'S RESPONSE

Division Response:

- A. *After extensive review of the vehicle usage requirements within the division, a new vehicle policy has been implemented. This plan provides a better distribution of vehicles to the users within the division that require them.*

Each fiscal year the number of miles driven by each vehicle will be evaluated to determine if the vehicles are being utilized to the fullest extent intended and if a change in the fleet size is needed.

- B. *We concur with this recommendation. The Division of Professional Registration is in the process of implementing a new cost allocation plan with a projected effective date of July 1, 2002. This plan will allocate to all thirty-two boards.*

6. Investigations

More than 840 complaints requiring investigations were filed with the Missouri State Board of Nursing (board) during the year ended June 30, 2000. The number of complaints filed in the year ended June 30, 1996 was about 500.

- A. A written plan for investigating a case or an estimate of the time required to complete the investigation is not prepared. In addition, the board has not reviewed the procedures used for investigations. Once the board has assigned a case to an investigator, the board has little or no involvement with the case until the investigator submits the final report.

To ensure investigations are completed timely and to allow the board to manage its expenditures, the investigators should submit a plan and an estimate of the time required to complete an investigation to the board for their approval before the investigator begins work on the case. An alternative would be for the board to establish time estimates for completing investigations by type of case. Then the board should require the investigators to inform the board when an investigation cannot be completed within the established estimates of time.

- B. Investigations performed by consultants are much more costly than investigations performed by board employees. The board employs a chief investigator and two staff investigators. In addition, the board uses the DPR Central Investigative Unit (CIU) and consultants.

For the year ended June 30, 2000, the average cost to investigate a case was \$629 for board employees (excluding the chief investigator who completes mainly investigations that can be done without travel), \$612 for the CIU, and \$900 for consultants. Contract investigators completed 480 cases in the year ended June 30, 2000. As a result, the board spent \$130,080 more on consultants than if the board had a sufficient number of employees to complete these investigations.

The board could easily employ an additional three investigators. Each investigator should complete approximately seventy cases each year. As a result, the board would save an average of \$271 per case on 210 cases or more than \$50,000 per year. The board should continually evaluate the number of employees necessary to complete the investigations and employ additional investigators as needed in future years.

WE RECOMMEND the board:

- A. Require its investigators submit a plan and an estimate of the time required to complete an investigation to the board for its approval before the investigator begins work on the case. As an alternative, the board could establish time estimates to complete investigations by type of case and require investigators to inform the board when an investigation cannot be completed within the established time estimate.
- B. Request three additional employees for investigators to reduce the number of investigations that must be given to consultants.

AUDITEE'S RESPONSE

Board Response:

- A. *The Board of Nursing concurs with the alternative. With the current complaint/investigations system, the Board is not able to establish time estimates to complete investigations by type of case. With the complaint-tracking component of the new licensure system, the board will be able to assign a category to each case and enter the total cost of a case, total hours, and calculate the length of time for each case. After the board has entered one year of cases, the members of the board will review this information and establish parameters for total hours, length of time and cost based on each complaint category. These parameters will be communicated to investigators. If an investigation falls outside of these parameters, the investigator will be required to provide a justification.*
- B. *The board concurs with this recommendation. The board has submitted a request to the Division of Professional Registration to hire two additional staff investigators and one clerical assistant for investigations. The Board will measure the number of cases investigated, the total cost of each case, the quality of each investigation, and the time to complete each investigation. This will allow the Board to determine if they can maintain the high quality and volume of investigations using less money.*

The board enters information on its licensees into three separate databases, including the new licensure system, the discipline database, and the investigation database. This is very inefficient since all three databases contain similar information on the same licensees which means the same information has to be entered three times. In addition, when the board is looking at an individual licensee, the board must review all three databases to obtain all of the needed information. To improve efficiency and reduce staff time, the board should consolidate the licensee information into the new licensing system.

WE RECOMMEND the board consolidate the information from the discipline and the investigation databases into the new licensing system to eliminate the maintenance of duplicate information in multiple databases.

AUDITEE'S RESPONSE

Board Response:

The Board of Nursing concurs with this recommendation. The Division of Professional Registration began using a new licensing system in September 1999. Since that time, the complaint and discipline tracking system has undergone a series of system modifications. Training for the complaint and discipline-tracking component of the system is scheduled to begin in July/August 2001. As soon as pertinent staff are trained, all cases received beginning July 1, 2001, will be tracked using the new system.

This report is intended for the information of the management of the DPR and the board and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

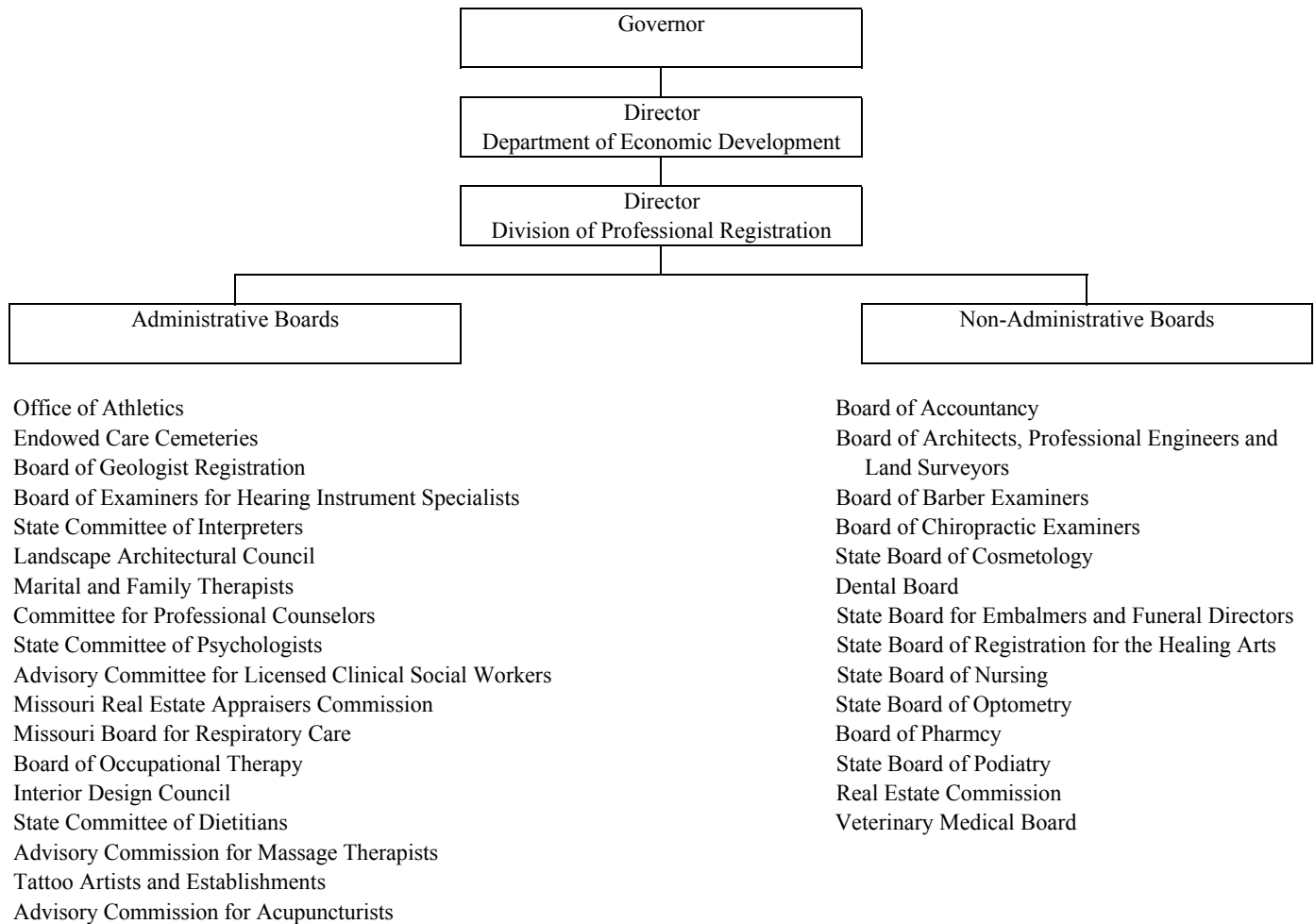
The Division of Professional Registration was established by the Omnibus State Reorganization Act of 1974. The division's administrative section establishes a system of accounting and budgeting for the various boards and provides various clerical services to the boards.

The members of the administrative and non-administrative boards are generally appointed by the governor with the advice and consent of the Senate. The non-administrative boards hire their own Executive Director who oversees the day-to-day operations of the board. The non-administrative boards also hire their own staff to provide clerical and other staff services relating to the issuance and renewal of licenses. The Director of the Division of Professional Registration assigns an Executive Director for the administrative boards and provides all staff needed for clerical and other staff services relating to the issuance and renewal of licenses.

The Division of Professional Registration is headed by a director who is appointed by the Director of the Department of Economic Development with the advice and consent of the Senate. Randall J. Singer served as director from May 1993 through January 19, 2001. Marilyn Taylor Williams became acting director on January 22, 2001, and was confirmed as director on January 25, 2001. At June 30, 2000, the Division of Professional Registration and the non-administrative boards had approximately 222 employees and 218 board members who provide the services necessary for the licensing and regulating of the licensees of the various boards.

An organization chart follows:

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
ORGANIZATION CHART
JUNE 30, 2000



DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
MISSOURI STATE BOARD OF NURSING
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri State Board of Nursing (board) was created in 1909 by the 45th General Assembly passing the first Nurse Practice Act. From 1909 to 1953 only Registered Nurses (R.N.) and R.N. nursing programs were recognized. The 1953 law allowed the licensure of Practical Nurses (L.P.N.). The Omnibus State Reorganization Act of 1974 transferred the board to the Division of Professional Registration.

The board's mandate is to protect the public with safe nursing care. The board approves nursing education programs, licenses nurses, and disciplines nurses who violate the Nurse Practice Act. Currently, the Board has issued 72,419 R.N. licenses and 23,109 L.P.N. licenses. The board has also issued 3,863 Documents of Recognition to Advanced Practice Nurses.

The board consists of nine members of whom one is a public member, two are L.P.N.'s, two are nurse educators, two provide nursing service, and two are A.P.N.'s. The Board members as of June 30, 2000 were:

<u>Member</u>	<u>Term Expires</u>
Robin Vogt, R.N., President	June 1, 2001
Pat Porterfield, R.N., Vice-President*	June 1, 2000
Janet Anderson, R.N., Secretary	June 1, 2002
Arthur Bante, R.N., Member * *	August 13, 2000
Ian Davis, L.P.N., Member*	June 1, 2000
Cordelia Esry, R.N., Member	June 1, 2001
Paul Lineberry, Public Member	June 1, 2003
Pat Versluis, R.N., Member*	June 1, 2000
Charlotte York, L.P.N., Member	June 1, 2001

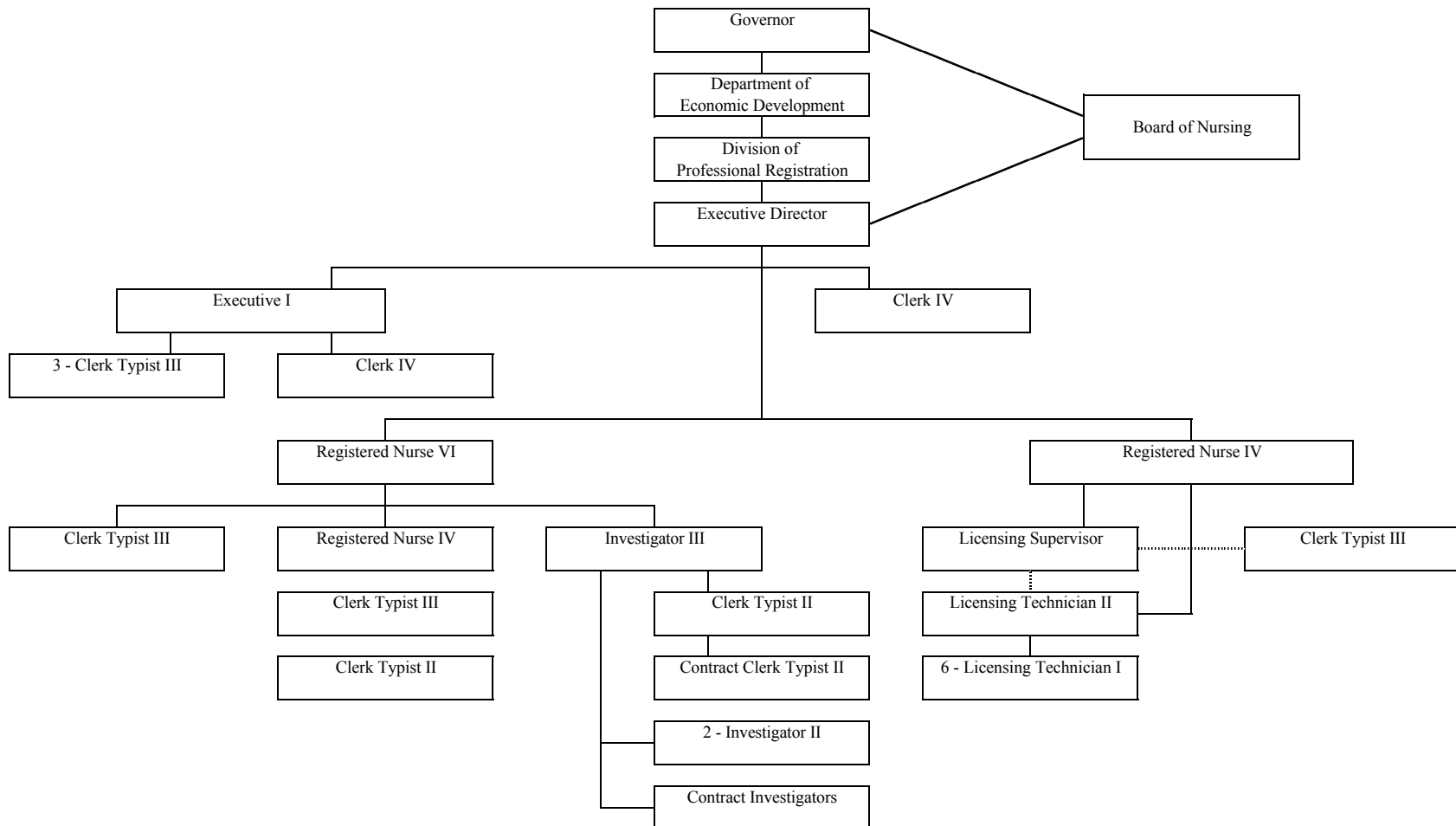
* Full member until a replacement is appointed.

** Arthur Bante, R.N., replaced Laura Murphy-Dellos, R.N., on December 3, 1998, and will serve as a full member until a replacement is appointed.

Board members receive a \$50 per diem compensation and expenses while performing their duties. The board appoints an executive director to perform the administrative duties of the board and the director hires other staff as necessary to carry out the decisions and responsibilities of the board. Marcia Flesner, M.S.N., R.N. served as Executive Director from October 1997 through August 6, 1999. Calvina Thomas, R.N., PhD has served as Executive Director since August 6, 1999. At June 30, 2000, the Missouri State Board of Nursing had 22 employees.

An organization chart follows:

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
MISSOURI STATE BOARD OF NURSING
ORGANIZATION CHART
JUNE 30, 2000



APPENDIX

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
MISSOURI STATE BOARD OF NURSING FUND
COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS, TRANSFERS, AND CHANGES IN CASH AND INVESTMENTS
FIVE YEARS ENDED JUNE 30, 2000

	Year Ended June 30,				
	2000	1999	1998	1997	1996
Receipts	\$ 1,025,185	2,686,608	1,041,452	3,097,965	1,737,467
Board controlled disbursements:					
Personal service	638,746	658,065	619,914	618,761	564,111
Per diem	3,803	16,085	15,190	10,991	9,478
Expense and equipment	661,864	608,721	556,529	503,768	508,821
Total disbursements	1,304,413	1,282,871	1,191,633	1,133,520	1,082,410
Board related transfers:					
Rent	65,427	59,269	67,865	60,415	58,387
Utilities	0	0	3,671	13,200	13,715
Workers comp fund	0	0	0	0	2,191
Hancock	28,324	142,927	103,470	0	0
General revenue	120,277	120,322	180,825	65,839	154,920
Fringe benefits	185,062	187,467	163,894	169,133	156,151
Refunds	1,258	2,314	0	0	0
Division transfers:					
Professional registration	536,187	308,867	268,711	267,609	328,626
Optical imaging	6,845	0	0	0	0
Licensing system	5,957	164,013	0	0	0
Department Transfers:					
Administration/MIS/QED/mailroom	114,144	157,037	102,263	76,119	130,886
Total transfers	1,063,481	1,142,216	890,699	652,315	844,876
Total disbursements and transfers	2,367,894	2,425,087	2,082,332	1,785,835	1,927,286
Receipts over (under) disbursements and transfers	(1,342,709)	261,521	(1,040,880)	1,312,130	(189,819)
Cash and Investments, July 1	1,558,440	1,296,919	2,337,799	1,025,669	1,215,488
Cash and Investments, June 30	\$ 215,731	1,558,440	1,296,919	2,337,799	1,025,669

* * * * *

